AUDITOR GENERAL
Alberta

Report on the Recruiting, Evaluating and Training Processes for Boards of Directors in the Alberta Public Sector

August 2005

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1. Summary

Background

Boards of directors govern over 100 organizations in the Alberta public sector. Many of these public sector organizations deliver significant services to, or protect, Albertans. The organizations are involved in diverse activities including banking, health care, education, regulatory management, and social services. These organizations have been established to assist government Ministers meet their public policy goals. The effectiveness of these organizations depends directly on how well their boards govern them. Good governance can only occur if capable and well motivated individuals are appointed as chairs and directors to these boards. Good governance also depends on chairs and directors receiving feedback on their performance against clear expectations and furthering their governance skills. We believe that effective recruitment, evaluation and training, conducted efficiently, are fundamental to successful board governance.

We examined the processes to identify and recommend candidates for appointment, to evaluate the performance of boards and individual directors, and to train new and existing directors in 20 organizations in the Alberta public sector (see Appendix A). We looked at the processes followed by both the organizations and the associated government departments.

To develop the criteria that we used to assess the processes, we drew on guidance in current literature. In the last few years, a great deal has been written on good governance. This includes guidance on the characteristics of individuals who would be excellent director candidates and on how to recruit them. Further guidance exists on evaluation and on training directors. Also, we used the current guidance that applies directly to the Alberta public sector. The two key documents are the Public Service Commissioner's Directive on Recruitment for Agencies, Boards and Commissions dated October 1, 1997 (the Directive) and a report entitled Review of Agencies, Boards and Commissions and Delegated Administrative Organizations dated April 30, 2001 (Renner Report). The following underlying principles summarize our criteria:

1) Recruiting systems identify candidates for directorship appointments who meet key characteristics such as integrity, competency in governance, relevant skills, and ability to fulfill their governance obligation. In particular, the systems result in boards that have the balance of skills and abilities to govern and chairs that are effective leaders.
2) Evaluating systems are based on clear expectations and provide meaningful feedback to help directors and boards to improve performance.
3) Training systems focus on enhancing directors' ability to govern by providing directors with knowledge of emerging governance practices and understanding of the organization, its environment, and legislation.

Also, we believe transparency is a fundamental principle. That is, boards need to account to stakeholders, through such means as an annual report, on how well they met relevant governance principles.

Key recommendations

Recommendation
We recommend that the Deputy Minister of Executive Council update Alberta public sector governance principles and guidance so that they are consistent with current good practice for recruiting, evaluating and training directors.

Recommendation
We recommend that the guidance include a statement that governing boards evaluate and report publicly their own performance against both Alberta public sector principles and their own board governance policies.

Our audit findings

Substantially all directors expressed a desire to excel at meeting their obligations to govern well. In doing so, they want to improve their performance and that of their organization. In the body of this report, we detail our findings with respect to each of our stated criteria (See pages 6 to 14). These findings demonstrate that some organizations met or exceeded our criteria, while others did not. We saw examples of departments providing excellent support to boards in improving governance. Also, we found boards who took the initiative to improve their governance practices. The key finding is that in a good number of cases, but not all, initiative is being taken to improve governance.

In our opinion, the Alberta public sector must establish a common and current understanding of what good governance means. In the areas we examined, some provincial guidance has been published. The Renner Report recommends that ministers and boards enter into agreements on roles and responsibilities. The Report provides guidance on the content of a memorandum of understanding (MOU) and includes some aspects of good governance. The Directive provides guidance that assists in identifying good quality candidates for directorship and was best practice when it was implemented in 1993 and then updated in 1997.

In our sample, however, approximately half of the organizations did not have a MOU. We also saw that the Directive for recruitment should be enhanced and commitment to its guidance should be reinforced, since it was not consistently being followed.

Approximately half of the organizations had deficiencies in their processes for evaluating boards and directors. Orientation training for directors was provided; however, the establishment of continuous training programs was inconsistent.

In our literature search, we noted that the amount of guidance on good governance has grown substantially in the last few years. This was largely in response to governance failures in the private sector which is why the guidance is expressed in private sector terms. Nevertheless, this new guidance provides important and relevant insight to opportunities to improve governance in the Alberta public sector.

Our audit found limited external reporting on boards' governance practices, although transparency is a cornerstone of Alberta public sector accountability. The importance of

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transparency has long been captured in one of the Government of Alberta's goals. The private sector's requirement for transparency of process and of compliance with sound governance practices should be an established expectation for Alberta public sector boards.

Additional recommendations

In the body of this report, we make an additional eight specific recommendations that support the two key recommendations. If these eight recommendations are implemented, they will assist in addressing the two key recommendations. The specific recommendations address the following challenges:

- The need to ensure that the Directive (See Appendix C) for recruiting directors is consistent with current good practice and in particular emphasizes the importance of independent review panels and clear and relevant recruitment criteria. (See page 6)
- The importance of boards being transparent about their governance, in particular recruitment processes. (See page 8)
- The provision of guidance to assist boards in establishing performance expectations and evaluation mechanisms, including:
  - the need for clear expectations for each director
  - the importance of periodic performance evaluations for both individual directors and the board as a whole, and who should receive the results of the evaluation (See pages 10 to 12)
- The need for efficient, relevant and effective training programs for directors. (See page 13)

Implications and risks if recommendations not implemented

Organizations are always at risk of not meeting their goals and of behaving unethically. Governance is how these risks can be managed. But good governance, producing effective and ethical organizations, does not just occur. Boards made up of directors who are capable and willing to govern need guidance to understand what it is that creates "tone at the top" and how governance is sustained and improved. If directors do not know what is expected of them, if they do not hear how well they are doing, and if they do not get training to improve their governance skills, then the effectiveness of their organizations is jeopardized. Organizations earn confidence in the state of their governance by publicly showing that their board recruiting, evaluating and training processes match current good practice.

The recruiting, evaluating and training processes that are the subject of this report will only be relevant if they help governing boards to improve their organization's effectiveness. However, since a director's time is limited, its use must be productive. Each organization must therefore focus on improvements that maintain their directors' efficiency.

2. Background

We believe that good board governance is critical for an organization to sustain and improve its overall performance. The ability of a board to meet increasing expectations for governance depends on effective systems for recruiting, evaluating and training directors.

Many ministries implement programs and interact with the public through board-governed organizations. Examples include regional health authorities, child and family service authorities, various commissions, universities, and colleges. The success of each of these public sector organizations contributes directly to the success of individual ministries. Board governance is an important part of ensuring the effective operation of these individual organizations. Although the organizations are separate legal entities, each organization's board is accountable to a minister for fulfilling its governance responsibility.

Board-governed organizations in the Alberta public sector vary considerably in size, nature of business and area of interest. Some organizations fill a regulatory and policy role, such as the Alberta Gaming and Liquor Commission and the Alberta Energy and Utilities Board. Some have the power to engage in direct commercial activity, such as ATB Financial. Others have a broad mandate over aspects of the Alberta workplace, such as the Workers' Compensation Board. While public sector organizations exist under legislation, their legislative mandates may vary. For example, most have specific legislation that sets out their powers and duties, while others may be incorporated under the *Companies Act*. In addition, most organizations are subject to general legislation such as the *Financial Administration Act* and the *Public Service Act*. However, some may be subject only to certain provisions of these two Acts or may be fully exempt. Generally, these public sector organizations are given more autonomy than government departments. This complex and demanding environment further emphasizes the importance of multi-skilled and willing directors.

Boards of directors are responsible for overseeing their organization's overall operations. Boards may also be assigned specific authority on matters that cannot be left solely to management. Such matters include approving the annual budget and plan, authorizing major purchases, and establishing policies. Effective governance relies on the application of experience and the good judgment exercised by individual directors and therefore depends on their background, skills, and capabilities. The ability to obtain appropriate individuals to sit as directors on boards is a function of the recruitment process. The ability of each director to maintain and enhance their skills is a function of the evaluation and training process followed by a board.

3. Scope and approach of our audit

We focused on a sample of 20 organizations from across 10 ministries, concentrating our efforts on organizations we considered more significant. See Appendix A for a list of the organizations in our sample. Our approach was to examine the current practices around recruiting, evaluating and training directors, determine examples of good practices within the public sector, and identify common opportunities for improvement.

We considered the following attributes of organizations when selecting our sample:

- The complexity of the organization in terms of size, decentralized management, and nature of operations.
- The community impact of the organization.
- The public visibility of the organization.
- The total budget for the organization.
- The past performance of the organization in achieving its mandate.
- The complexity of the legislation under which the organization operates.

Also, we ensured we selected some organizations whose directors have changed within the last two years.

Our analysis of the current state of performance was based on a combination of interviews with departments, directors, and management, and reviews of meeting minutes and related documents. See Appendix B for the interview questions.

4. Criteria

We developed criteria to assess the systems followed by Boards and the associated government departments. The criteria were based on good practices in governance and requirements set out in the Directive (See Appendix C). The criteria were validated against current professional literature on board governance, and pronouncements of both Canadian and foreign capital market regulator We tailored the criteria to reflect key differences between the public sector and the private sector. Finally, we discussed the criteria with senior officials in Department of Finance, Personnel Administration Office and Department of Executive Council. They considered the criteria to be reasonable.

The criteria are set out in the following sections with the related recommendations.

5. Recruiting directors

A board's ability to effectively govern directly depends on the quality of directors that make up the board. The recruitment process must therefore identify the best quality candidates. The Alberta public sector's preferred approach for identifying candidates is set out in the Directive.

The authority for appointment of individuals to a board is normally set out in legislation. Usually the authority rests with the Lieutenant Governor in Council (the Cabinet) or a Minister. Some legislation states that groups, such as a faculty association at a college, can have representation on a board. In these cases, the group will select a candidate. We did not examine the recruitment process in these cases, instead, we focused on the board and department processes for identifying candidates.

5.1 Recruiting process

Recommendation

We recommend that the Deputy Minister of Executive Council and the Public Service Commissioner:

1. **assess the Public Service Commissioner's Directive against current best practices and amend as required, and**
2. **reinforce to Deputy Ministers the Government's commitment to follow the Directive.**

Criteria: the standards we used for our audit

1. The Alberta public sector should have common guidance for recruiting candidates for appointment to Alberta public sector boards. Individual departments and organizations should adopt this guidance when they recruit and add to it for their specific requirements. The guidance should outline clear objectives including:
   - the requirement for a balance of skills and capabilities on boards
   - independence standards for directors to be free of a significant economic relationship with the organization and conflicts of interest
   - the selection criteria

2. A review panel comprised of a majority of persons without an economic relationship with the organization should be established to examine and recommend candidates.

3. The review panel should, with assistance of the Public Service Commissioner's staff or relevant experts, ensure an unbiased process is used to identify potential candidates and evaluate them against selection criteria approved by the ministry governing the organization.

Our audit findings

All ministries in the sample were aware of the Directive (see Appendix C) on recruitment to public sector boards. While the Directive is not binding on a Minister, we consider it a preferred practice and thus used it in assessing processes used. The Directive states that the Minister should establish selection criteria and that these criteria should reflect the proper mix of skills and experience required for the directors. The Directive also says that the board chair should be involved in the recruitment process. However, it does not illustrate what the selection criteria may include nor is there other guidance on selection criteria. Emerging literature on board governance suggests that certain skills are needed on most boards. These skills include financial expertise for the audit committee, legal expertise to help other directors in legislative and regulatory matters, and expertise in core services provided by the organization to help oversee management.

Most organizations had selection criteria that require a balance of skills and experience, a few organizations did not. As a consequence, a few boards lacked a balance of skill sets. For example, two organizations used selection criteria that were

strongly weighted to selecting persons who have service contracts with the organization, staff of these service providers, or those with relatives who receive services and grants from the organization. Candidates who met these criteria would not be independent of the organization and the pool of potential candidates is small, thus reducing the chance of identifying candidates with other skills, such as financial expertise. We found other examples where directors lacked sufficient financial literacy to support the requirements of the audit committee. We concluded that the Directive can be improved.

Boards face the challenge of developing selection criteria. We observed that many organizations in our sample had established job descriptions for directors. These stated the required skills, knowledge, and experience for directors. A well written job description would provide an excellent starting point for developing selection criteria. However, the chair of the board should also consider the current skills on the board and potential deficiencies in skills when developing selection criteria.

The Directive does not set standards for independence of potential directors. There was no guidance on the need for candidates to be free from a conflict of interest and a significant economic relationship with the organization. We found that six of the twenty organizations selected did not include an assessment of a candidate's independence as part of their selection criteria. Good practices we observed in our sample included a requirement that directors not have an ownership interest greater than 10% in a company transacting business with the organization. In contrast, there were two examples of standards for director independence that permitted an ownership interest of up to 49% in a company that had a contract with the organization.

We believe that a good practice is to require a majority of directors to not have a significant economic relationship with the public sector organization, that is be independent. We recognize that exceptions exist within legislation. For example, employees are required by statute to be included on some boards. To ensure that the recruitment process identifies independent candidates, selection criteria should refer to the need for independence. Inclusion of the need for candidates to be independent in the Directive would facilitate its inclusion in selection criteria.

The Directive does specify that the Minister will establish a review panel to recruit for positions on significant public sector organizations and commit to establishing objective review processes. However, we found that approximately 30% of the organizations either did not have a review panel, or the panel did not have a representative of management or the associated government department. In the cases where a panel was set up, it comprised a majority of persons without an economic relationship with the organization. However, the panels did not always have a formal recruitment strategy that identified the selection criteria, recruitment methods and minimum information requirements from candidates. We concluded that, while the Directive satisfactorily set out the need for an objective recruitment process, it was

not being followed consistently. Therefore, there is a need to reinforce the importance of following it in the Alberta public sector.

Implications and risks if recommendation not implemented

Without clear and current guidance, recruitment processes may be inadequate and may not identify the best candidates.

5.2 Identifying candidates

Criteria: the standard we used for our audit

A formal recruitment strategy should be approved by the review panel. The strategy should include the methods that will be used to identify suitable candidates for the board.

Our audit findings

Most organizations had adequate recruitment strategies, although some were not documented well. Approximately 15% of the organizations were updating their recruitment strategy.

We found that Departments or organizations used a number of different approaches to identify candidates. Examples of approaches are advertising director positions on the Alberta Government website, in local newspapers, and in the Alberta government publication called the Bulletin. Other examples include using local Chambers of Commerce and professional organizations to identify candidates.

Good practices were demonstrated by public sector organizations that conducted wide searches by taking a number of different approaches at the same time.

Some public sector organizations indicate that it is a challenge to attract potential candidates with the required knowledge, skills and abilities. The potential to identify good candidates is improved by using all possible approaches.

5.3 Making the recruitment process transparent

Recommendation

We recommend that departments and governing boards publicly report their director recruitment process.

Criteria: the standard we used for our audit

A summary description of the recruitment process should be publicly available.

Our audit findings

Most public sector organizations did not publicly provide a description of the recruitment process. Few organizations had considered the public's need for transparency or their obligation to be accountable for board recruitment. Transparency of the process differs from transparency about the reasons for a particular selection. In our opinion, it is important that a description of the process be

publicly available, through readily accessible means such as websites for the department or the individual organization, to reinforce the key principle of a fair and open recruitment process. Also, the annual report of the organization could describe the recruitment process and criteria used. Publishing information on the process will demonstrate the due diligence used to recruit new directors. It will reinforce the credibility and general authority of the board to the major stakeholders of the public sector organization.

Implications and risks if recommendation not implemented

If a description of the recruitment process is not publicly available, people may question the validity of the process. Demonstrating transparency in the recruitment process for directors maintains the public's confidence in those who are stewards of public resources.

6. Evaluating boards and individual directors

Feedback on their performance, through evaluation, will help directors identify areas for improvement both individually and collectively as a board. Fair and effective evaluations of boards and individual directors require:

- the Alberta public sector to state the meaning of good governance
- individual boards to set out clear expectations for directors
- an objective process to assess and report on performance

The Government Reorganization Secretariat issued a final report titled *Review of Agencies, Boards and Commissions and Delegated Administrative Organizations* in 2001. Two of the report's key recommendations were:

1. Ministers should enter into memoranda of understanding with each public sector organization in their ministry to clarify the government's expectations about roles, responsibilities, duties, functions, standard of care, policy direction and performance expectations to be achieved by public sector organizations.
2. Chairs of significant public sector organizations should meet annually with the Deputy Minister of Executive Council. A separate meeting should also be held with the agency Chairs and all Deputy Ministers.

The report also provided guidance on what could be included in a memorandum of understanding to improve governance and accountability.

Organizations such as regional health authorities, post secondary institutions, and the Workers' Compensation Board were excluded from the Reorganization Secretariat's review. However, we consider the guidance in the report to be a reasonable basis for developing criteria.

In Appendix D, we have compiled examples of performance evaluations based on good practices identified from the sample of organizations in our audit.

6.1 Developing performance expectations

Recommendation

We recommend that the Deputy Minister of Executive Council, working with other deputy ministers, provide guidance to boards on mechanisms for periodically evaluating boards and individual directors.

Recommendation

We recommend that boards enhance systems for periodic performance evaluation of boards and individual directors, including ensuring that performance expectations for the board and individual directors are current. The systems should be consistent with the guidance for the Alberta public sector. Also, it should require each director to provide annually a statement on their compliance with the board's independence policy.

Criteria: the standards we used for our audit

1. The Alberta government should provide guidance on the mechanisms for evaluating boards and individual directors. This guidance should require:
   - evaluations to be carried out periodically
   - boards to adapt guidance to their specific circumstance
   - an annual declaration of independence by individual directors
2. Individual departments and organizations should develop systems consistent with the public sector guidance and the board's needs. The systems should include the establishment and updating of performance expectations for the board and individual directors.
3. Director performance expectations should be clearly outlined in writing and provided to candidates as part of the recruitment process.

Our audit findings

All of the organizations we examined had performance expectations for boards. Some performance expectations were recently developed, while many were several years old and had not been updated. The performance expectations were either developed by the board, its chair or the related government department. The sources of these performance expectations varied significantly, although many were based on the roles and responsibilities of the board as set out in legislation. Approximately half of the organizations also had roles and responsibilities defined in memoranda of understanding between the boards and their responsible Ministers.

Most organizations had job descriptions for directors. However, some job descriptions had not been updated for several years. The job descriptions indicate the responsibilities, required skills, knowledge, experience and the terms and conditions of appointment.

Approximately half of the organizations had expectations that lacked measurable criteria for board performance, did not cover individual director performance, or were out-of-date when compared to the criteria used to select directors. As a result, the evaluation process was seen as less valuable and was not completed promptly. Guidance for boards and their chairs would help in developing and updating high-quality performance expectations.

There is no guidance for developing performance expectations and evaluation mechanisms for directors. As a result, performance expectations for the directors of many of the organizations lacked the specificity needed for an effective evaluation process.

Good practices observed included a balance of performance expectations for directors, both quantitative and qualitative. Some organizations communicated written expectations for board committees and individual directors as well as the estimated time commitment required from a director.

Implications and risks if recommendation not implemented

If directors are not evaluated against a consistent and approved set of criteria, boards may not meet their governance obligations.

6.2 Conducting performance evaluations

Recommendation

We recommend that boards periodically evaluate their performance and that of their individual directors.

Criteria: the standard we used for our audit

Performance evaluations of boards and individual directors should be performed periodically and should assess directors' independence.

Our audit findings

Individual organizations varied considerably with regard to the frequency and diligence of their director evaluations. Approximately one quarter of the public sector organizations had not performed evaluations of the board as a whole in the past three years. When performed, most assessments were done, as is appropriate, by the boards themselves. The evaluations carried out varied considerably in quality amongst organizations. Many were focused on general responsibilities of the board or organization overall and did not have specific measures of success. Half of the organizations had not performed evaluations of individual directors or had not done so in the last three years.

We noted the following practices that would benefit others: management of some organizations supported the board chair in setting out the objectives of the evaluation process, in designing evaluation tools, and in providing narratives explaining how the tools should be used. In one case, the organization had an extensive process tied to a training plan. We also observed good practices where the chief executive

officers and Ministry staff provided feedback as part of the evaluations. The Government Reorganization Secretariat's report suggests soliciting appropriate views of performance from the Minister and the organization's management. In terms of guidance, the National Center for Non-Profit Boards has developed a good self-assessment questionnaire for directors. The document also includes a narrative on how to use the self-assessment questionnaire.

An appropriate evaluation includes a determination if the independence status of a director has changed. Most of the boards of directors examined met the requirement of independence; however, the definitions of independence were inconsistent. As well, the mechanism used to assess or acknowledge ongoing independence was not effective in all organizations.

Directors should have no significant commercial relationships with their organization other than the receipt of normal goods and services provided by the organization, under the same terms and conditions that apply to the general public. There are good examples of leading boards of directors in our sample that do review the nature of the relationships that their directors have to the organization.

Other good practices we observed included a combination of a code of ethics, or similar document, for the directors and an annual signoff process by the directors to document their independence.

Implications and risks if recommendations not implemented

Directors need a mechanism to receive feedback on their performance. Without such a process, directors may not recognize development needs and this could impair the effectiveness of the board's oversight.

6.3 Reporting performance evaluations

Recommendation

We recommend that boards summarize their periodic performance evaluations and report them to their Minister.

Criteria: the standard we used for our audit

Ministers should receive a summary of the performance of boards and individual directors.

Our audit findings

When public sector organizations completed board evaluations or evaluations of individual directors, few routinely provide formal summaries of the evaluations to the applicable minister. We did note that information about the performance of directors is shared with ministers, but this is done primarily when reappointment is being considered.

Some organizations demonstrated the leading practice of reporting a summary of their board evaluation, in addition to describing the board's major undertakings, in the organization's annual report.

Implications and risks if recommendation not implemented

Board evaluations may not cover all evaluation criteria that are important to the Minister. A summary of performance information creates the opportunity to obtain direct feedback from the Minister about the board's performance and creates a mechanism for feedback on the recruitment process.

7. Training Directors

Sustaining high quality governance practices across public sector organizations requires directors to have access to training programs. These programs should help them deal with performance weaknesses and stay current with changing standards and practices in governance, legislation and operational issues relevant to their organization. The chair of the board should play a key role in assessing relevant training opportunities to overcome performance weaknesses and to maintain or improve the skills of directors.

In Appendix E, we have provided an example of an orientation training process, which is based on good practices, identified from the sample of organizations in our audit.

7.1 Developing training programs

Recommendation

We recommend that the Deputy Minister of Executive Council help governing boards improve training by identifying best-practice governance training.

Recommendation

We recommend that governing boards ensure that their board training program is consistent with best practices.

Criteria: the standards we used for our audit

Organizations should have ongoing processes to deliver educational programs, to share good governance practices, and to offer directors choice in meeting their training needs.

The Alberta government should endorse good training programs and practices.

Our audit findings

All boards provided orientation training to new board members. The extent and formality varied. Good practices we observed included a detailed orientation process with reviews of significant documents, meetings with management and meetings with the board chair and committee chairs. However, after the orientation, the establishment of continuous training programs across the organizations reviewed was far less consistent.

We saw examples where training programs consisted only of self-study to increase directors understanding of their organization and its related environment. Some organizations provided a training resource list while others did not provide any documented training material. We also learned that organizations were not always aware of existing good practices within other public sector organizations or training offered by third party organizations such as the Institute of Corporate Directors and the Conference Board of Canada.

We did not find any central support for, or encouragement of, good practices.

Good practices include a balance of self-study, e-learning and formal courses; formal training schedules and coordination with public sector organizations in other provinces to broaden training programs. Other good practices included departments providing support for training. For example, in one case the department provided training on the role of an audit committee. In another sector, there is an annual conference for directors that included presentations on governance matters as well as information on sector changes. In both cases, the sector included a significant number of organizations.

Training must fit within directors' available time and must not detract from their ability to fulfill their governance obligations.

Implications and risks if recommendations not implemented

The lack of continuous training by directors increases the risks of inadequate governance and a lack of credibility in a board's decisions.

8. Conclusion and acknowledgement

As mentioned throughout this report, good governance is fundamental to organizations consistently achieving their goals. There are many aspects to good governance. But, at the core is the need to have good people on boards. Thus, we have focused on systems that support this need—recruiting, evaluation and training.

We concluded that improvement is needed. Therefore, we provide recommendations to achieve this improvement. Now it is up to the leaders in the public sector and on boards to take the steps necessary to realize this improvement.

We would like to acknowledge the public sector organizations involved in this audit for their cooperation and assistance in sharing good board practices. We believe that guidance and support in director recruitment, and ongoing dialogue between Ministers, their public sector organizations and other relevant parties is needed to develop consistent good practice in governance by Alberta's boards of directors.

Public Sector Organizations Interviewed

We conducted interviews with members of boards of directors and human resources professionals responsible for the board recruiting, evaluating and training processes in the following 20 public sector organizations:

- Agriculture Financial Services Corporation
- Calgary and Area Child and Family Services Authority
- Edmonton and Area Child and Family Services Authority
- Persons with Developmental Disabilities Calgary Region Community Board
- Persons with Developmental Disabilities Edmonton Region Community Board
- ATB Financial (Alberta Treasury Branches)
- Local Authorities Pension Plan Board
- Alberta Gaming and Liquor Commission
- Alberta Alcohol and Drug Abuse Commission
- Calgary Health Region
- Capital Health
- Peace Country Health
- Appeal Commission for the Alberta Workers' Compensation
- Workers' Compensation Board—Alberta
- Grant MacEwan Community College Board of Governors
- Olds College Board of Governors
- Southern Alberta Institute of Technology Board of Governors
- University of Alberta Board of Governors
- Alberta Securities Commission
- Natural Resources Conservation Board

Interview Questions

Assessing the Recruiting, Evaluation and Training Processes for Board Members of Agencies, Boards and Commissions in the Alberta Public Sector

Interview questions

Organization: _____

Interviewed: Name _____

Title _____

Date: _____

Framework Establishment:

1. Does the Organization have a framework for selecting members to its Board? **YES / NO**

   If not, please answer questions 2 & 3 below.
   If yes, please provide a copy of the framework.

2. Please describe the process used to select board members including the criteria established, if any, to assess their background and previous experience?

   _____
   _____
   _____
   _____
   _____

3. Please describe the process used to establish that board members and their immediate family are free from conflicts of interest including an assessment that they are not economically dependant on the organization and note if they have any relationship to the organization other than sitting on the Board of Directors:

   _____
   _____
   _____
   _____
   _____

4. Please describe the process used to communicate the mechanics of selecting of board members including the recruitment process, the selection criteria and the results:

5. Please describe the process used to consult other areas of government such as Ministry staff, the Public Service Commissioner, Personnel Administration Office (PAO) or other government resources to ensure that the selection of board members is consistent and appropriate:

Independent review panel:

6. Is there an independent review panel that has been established to select board members?
   YES / NO
7. If yes, please provide information regarding the criteria established, if any, to assess the panel members' background, independence and previous experience?

Approval of board members:

8. Who is responsible for the final approval of board members i.e. Minister or Cabinet?

9. What information is provided to the final decision making authority to evaluate the selection process and ensure the appropriate board members are appointed?

10. Is a summary of the recruitment process publicly available? **YES / NO**

11. If yes, where is it publicly available?

Performance expectations:

12. Is there a clear written statement of performance expectations for board members? **YES / NO**

    If yes, please provide a copy.

13. Please describe the process followed to inform board members of performance expectations.

14. Please describe the process followed to evaluate board members against the written statement of performance expectations including frequency of evaluation, length of retention of performance evaluations and feedback obtained from other sources such as the Minister or Public Service Commissioner.

15. Please describe any training resources that are available to assist board members in meeting their performance expectations.

Training:

16. Please describe the process followed to train new board members about their expected duties including orientation training.

17. Please describe the process followed to provide continuous training to board members regarding change in good governance practices, major legislative changes or other regulatory changes.

** ** **

Thank you in advance for your assistance.

Public Service Commissioner's Directive on Recruitment for Agencies, Boards and Commissions

AUDITOR GENERAL Alberta

This directive describes the process for staffing senior and executive level positions in significant agencies, boards, and commissions.

The Alberta government is committed to a fair and open process when appointing members to agencies, boards, and commissions. This commitment includes establishing an objective review and certification process to ensure that qualified candidates are appointed to these organizations.

Significant agencies, boards, and commissions make financial, regulatory, business, or policy recommendations and decisions that have far-reaching implications for Albertans. For some agencies, boards, and commissions, it may be appropriate for the Minister to designate only the chair as "significant."

Recruitment process

The following process will be used to recruit for positions on significant agencies, boards, and commissions.

The Minister will establish a Review Panel. This panel may include members of the public, technical experts, and key stakeholders impacted by the decisions made by the agency, board, or commission. The Minister may establish one panel to select members to more than one board, if appropriate.

The Public Service Commissioner's Office will be available to assist in selecting the Review Panel. Staff from the Public Service Commissioner's Office, Executive Search, Department Human Resource Offices, or a private consulting firm may provide this assistance. The selection assistance can include:

- recommending a recruitment strategy
- assisting in establishing selection criteria
- ensuring that candidates provide resumes and other suitable background material
- preparation of initial screening reports
- preparing interview questions
- conducting preliminary interviews
- assisting in final interviews
- conducting reference checks where required
- advising candidates of their status in the process
- preparing reports and other required documentation

The Minister will establish selection criteria reflecting the proper mix of skills and experience required for the agency, board, or commission. It may be appropriate to involve the current Chair in the process.

Methods of recruiting members for agencies, boards, or commissions may include referrals, direct sourcing, or paid advertising in career sections or appropriate trade publications. Ministers can also use the services of *The Bulletin* and *The Bulletin Online*, a weekly government publication listing vacant positions. Albertans interested in serving as a member of any agency, board, or commission may submit their qualifications to the office of the Minister.

The Review Panel will be responsible for reviewing all candidates against the established criteria. Assessments will be conducted and suitable candidates will be recommended for further consideration.

The Review Panel will be responsible for short-listing qualified candidates for the Minister and/or Executive Council.

For all other agencies, boards, and commissions, the Minister will determine the process for appointing members.

About this Directive

Authority: *Public Service Act*
Application: Organizations Under the *Public Service Act*
Effective Date: 1 October 1997
Contact: Executive Search

AUDITOR GENERAL Alberta

Appendix D

ABC Board Self-Assessment Guides

AUDITOR GENERAL Alberta

Example A—Short-form

To assist in the annual evaluation of Board Members, Committees Members and the Governance Policy.

I. Board Organization

A. Is the Board organized effectively? Do you have any comments regarding:

1. The number of Members?

2. The balance of skills, experience and backgrounds of Members?

3. The number of Part Time Members vs. Full Time Members?

B. Do the Members have appropriate input to the process of selecting new Members?

C. Does the Board have the appropriate committees and are they effective?

D. Are meetings of the Members and committees organized effectively in number, timing and location and are they run efficiently? Do you have any suggestions for improvement?

E. Are there agenda items that should appear on a regular basis that are not currently being included? Should any presently included items be deleted?

F. Are Members properly compensated? Have you any thoughts regarding the amounts of Member compensation?

G. Are there clear terms of reference for the Members and the committees? Could they be improved?

II. Selection and Performance of Management

A. Are you satisfied that the terms of reference for the Chair and Vice-Chair are clear and appropriate?

B. Are you satisfied with the Chair and Vice-Chair performance evaluation process?

C. Are you satisfied with the performance of the Chair and Vice-Chair?

D. Is the process for reviewing and establishing management compensation levels satisfactory?

E. Are you satisfied with the management succession plan?

III. Monitoring and Acting

A. Are the Members receiving adequate material on a timely basis in advance of Board or committee meetings?

B. Are the Members provided with current information on problem areas on a timely basis?

C. Do the Members have sufficient exposure to and knowledge of senior high potential employees in the Organization, including Executives?

IV. Strategy Determination

A. Does management adequately develop the strategic plan and annual business plan/operating budget for Members' consideration and review?

B. Are you satisfied with the process for development and approval of the strategic plan and the annual business plan/operating budget?

C. Are the strategic plan and annual business plan/operating budget achievable?

V. Policies and Procedures

A. Are you satisfied that the Organization operates at all times within applicable laws and regulations and to the highest ethical and moral standards?

B. Are there any additional policies that the Organization should consider adopting?

VI. Reporting to Stakeholders

A. Are Members satisfied that the financial performance of the Organization is adequately reported to the Government and the public on a timely and regular basis?

B. Are Members satisfied that the financial results are reported fairly and in accordance with generally accepted accounting standards?

C. Are Members satisfied with the annual reporting process to the Government and the public?

D. Are Members satisfied that the Auditor General receives full and complete information relating to the financial performance of the Organization so as to permit the Auditor General to complete his audit of the annual financial statements?

VII. Effectiveness of the Organization

A. Over the past year, has the Organization met its mandate in the following areas?

1. Has the Organization fulfilled its mission?

2. How effective has the Organization been in fulfilling its business plan goals?

VIII. Other

A. On a scale of 1 to 10, using your own personal criteria, please rate the performance of the Members (as a whole) for the past year.
(Note: 1 is unacceptable, 10 excellent)

_____
_____
_____

B. Are there ways of enhancing Members' performance

_____
_____
_____

C. Do you have any other comments?

_____
_____
_____
_____
_____

Example B—Long-form

Purpose of the ABC Board of Directors Self-Evaluation

In recognition of the significant role Board members have assumed, and the fact that they have been appointed by the Minister or Lieutenant Governor in Council to fulfill that role within a legislative framework, a process to assess performance has been implemented. Board evaluations are conducted to achieve two purposes: to increase accountability and to improve performance. The desired outcomes associated with this evaluation include:

- **Board practices are reviewed and strengthened** in terms of the governance model currently being used;
- **Interpersonal relations are strengthened** between and among members of the Board and the CEO and the Department;
- **Board practices are documented** which can be used to assist in orienting those new to the Board;
- Board Members, the Board Chair and the CEO have increased **understanding of their respective roles** and expectations;
- The **accomplishments** of the Board during a specified time frame are documented;
- Individual Board members receive **performance feedback** that recognizes their achievements and assists in the further development of their skills in governance;
- The Minister is provided with **information to provide confidence** in the performance of the boards and to assist with reappointment decisions.

This evaluation examines the following two aspects of the Board's operations:

I. Alignment of the ABC Board Actions with Core Governance Requirements

1A) Assessing Board Performance:

- ❑ Items for assessing the performance of the total board are based on the requirements generally accepted governance requirements, the ABC may choose to codify these within their own governance policies of the ABC.
- ❑ Data for assessment will come from a number of sources including minutes or other records of Board and committee meetings and additional Board activities.
- ❑ Board members are asked to provide their perceptions as to whether Board actions have been aligned with ABC core governance policies.
- ❑ A three-point scale is used in rating performance; this enables a Board to wholly rate their performance on each question without getting mired by minute distinctions in more elaborate scales.
- ❑ Boards that establish additional governance policies may include such policies in their evaluations.

1B) Developmental Plan(s):

- ❑ Board members are asked to consider the full spectrum of their assessments on individual items and to make recommendations for themselves to improve the functioning of their Board.

1C) Major Board Accomplishments:

- ❑ Board members are asked to identify the accomplishments of their Board during the assessment period.

Note: Upon completion, a copy of only the Board evaluation Section 1 (A, B and C) will be sent to Governance Support to collate the information and forward it to the Minister.

II. Individual Board Performance

- ❑ Board members and the Board Chair are asked to respond to questions regarding their own personal contribution to the work of the Board.
- ❑ Board members are also requested to provide feedback on their peers highlighting areas of strength in their contribution to the Board and any areas of development.
- ❑ The Board Chair will interview each Board member on their responses and provide an overall final report on each member. The Chair of the Governance Committee or the audit committee if the ABC does not have a Governance Committee will interview the Board Chair.
- ❑ The results of these assessments will affirm the strengths of each member and help to identify areas for further development.
- ❑ The results will also form the basis on which the Board Chair provides the Minister with feedback into the appointment process.
- ❑ A summary report is prepared for each Board member by the Chair of the Board using the structure and process provided. A copy is given to the Board member and the Board keeps the original report on file. The Board Chair is provided a report by the Chair of the Governance committee if the ABC has one or else the audit committee Chair will fulfill this role.
- ❑ The assessment of the Chair of the Board will be made available to the Minister.

Section 1

Alignment of ABC Board of Directors Actions with Governance Requirements

Section 1A
Assessing Board Performance

Process for Completing this Section
There are assessment statements contained in this section based on the requirements contained in generally accepted governance requirements. Recommended steps for responding to the questions are as follows:

1. The Board reviews minutes and other documents related to the work of the Board for the evaluation period to assist it in responding to each of the questions.

2. The Board discusses and analyzes written information as well as additional Performance indicators from experience with Board work throughout the evaluation period.

3. The Board rates its overall performance on the policy in question.

4. The Board discusses any areas for improvement and makes recommendations for Board and individual Board member development plans in Section 4.

5. Upon completion, a copy of only the Board evaluation Section 1 (A, B and C) will be sent to the Minister.

1.1 Role of the Board: Direction Setting

The Board follows a systematic process for determining strategic directions for the ABC and providing input to the Ministry's strategic and business plan.

Performance indicators: consider the following:
- Assessment of trends, events, and related needs of stakeholders to the ABC
- Evaluation of results and information directed into planning forums
- Input into Ministry strategic and business plan
- Development and approval of ABC business plan
- Incorporation of Ministry direction into the ABC business plan
- Application of risk management assessments
- Review of the operational plans of divisions of the ABC to ensure they are aligned with the strategic choices and directions approved for the ABC

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.2 Role of the Board: Monitoring and Assessment

The Board monitors and assesses policies and practices of the ABC to achieve their stated mission and meet the needs of key stakeholders.

Performance indicators: consider the following:
- Monitoring implementation of Ministry policies and programs and ABC business and operational plans
- Risks identified and means to minimize risks in place
- Changes made as a result of information received
- Decision making informed by outcomes of monitoring and reporting process
- Processes are in place to provide the Board with adequate material on a timely basis

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.3 Role of the Board: Policy Advice and Implementation

The Board ensures policies, programs and services are responding to achieve the desired outcomes.

Performance indicators: consider the following:
- Performance indicators reviewed to assess alignment of the ABC services with programs, policies and work of the Government, other related ABC's and other public and private bodies.
- Board consults legislation, regulations and provincial policy when making major decisions
- Efficiencies, opportunities and gaps are identified

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.4 Board Role: CEO Selection, Appraisal and Relationship

The Board has established and maintained an effective working relationship with the Chief Executive and their direct reports.

Performance indicators: consider the following:
- Recommendations were provided to the Minister in the selection of the CEO
- Board demonstrates an understanding of the distinction between issues that are the responsibility of the CEO and issues that are the responsibility of the Board
- Board has a process for assessing its working relationship with the CEO
- Board provides timely input to the Deputy Minister on CEO goals and performance expectations including input from the CEO's direct reports
- There is an effective process to monitor and review progress, discuss CEO performance with the Deputy Minister, have annual input into the assessment of the CEO including input from the CEO's direct reports to the Chair of the Board

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.5 Board Role: Board Development

The Board has taken action to develop and maintain its capacity for governance work.

Performance indicators: consider the following:
- Board governance policies are in place and are used
- Meeting agendas focus on ends, governance process, Board-CEO relationship, monitoring and evaluation of Board objectives rather than on peripheral business
- There is an orientation plan for new Board members and yearly development plans for the entire Board and individual members
- Recommendations from previous Board assessments have been translated into action

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.6 Board Role: Fiscal Responsibility

The Board oversees the development of the budget and the financial performance of the ABC.

Performance indicators: consider the following:
- Budget allocations are consistent with ABC strategic directions and business plan, as well as provincial requirements
- Processes are in place to demonstrate that implementation of the ABC Business Plan is achievable within resources provided
- Strategies to optimize use of resources are approved and implemented (includes partnerships that provide resources to support regional priorities)
- Alternate strategies for achieving goals and objectives are identified and approved where appropriate
- Report from the auditor has been received and recommendations implemented
- The Board obtains explanations for significant variances both from budget and the prior comparable period and management's plan for dealing with those variances

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.7 Board Role: Accountability to Government

The actions of the Board and the operations of the ABC are congruent with the Accountability Framework and the Memorandum of Understanding between the Minister and the ABC.

Performance indicators: consider the following:
- Processes are in place to ensure compliance with legislation, regulations, provincial standards and policies and Ministerial directives
- Processes are in place to monitor compliance with requirements in the Accountability Framework and the Memorandum of Understanding
- Processes are in place to report performance information on a timely and regular basis

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.8 Board Role: Responsibility to Community

The Board provides leadership by involving the ABC's key stakeholders in direction setting, monitoring and assessing and implementing services.

Performance indicators: consider the following:
- The Board has established specific processes for receiving input from key stakeholders and the public
- Information gathered from stakeholders and the public assists the Board to provide meaningful input for government policy development
- The Board effectively presents itself to its key stakeholders and the public
- Relationships are forged with specific stakeholders at the governance level that initiate and support collaboration for the planning and delivery of services
- Processes are in place by which information sharing regarding specific challenges and opportunities with the Ministry is managed in a timely fashion
- The Board has established a comprehensive communication plan
- The Board works effectively with other related Ministry reporting entities

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.9 Role of the Individual Board Member in the Exercise of Board Authority

Individual Board members carry out the responsibility to exercise Board authority appropriately.

Performance indicators: consider the following:
- Once a decision is made, the Board members speak with one voice
- Individual Board members act only as agents of the Board when given formal delegation
- Board members provide meaningful feedback on individual member performance including the Chair of the Board

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.10 Role of the Chair

The Chair provides effective leadership

Performance indicators: consider the following:
- With direction from the Board, the Chair represents the Board and its interests as well as the interests of the ABC in dealing with the Minister, the Department, other related ABC's, and the community
- The Chair guides and encourages Board members to function as an effective team

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.11 Code of Conduct

Board actions are congruent with its Code of Conduct.

Performance indicators: consider the following:
- The Board speaks with one voice
- Board members conduct themselves in an ethical and professional manner
- Board members operate in a manner that reflects open and honest communication, respect and fair play
- Board members avoid any conflict of interest with respect to their Board responsibility
- Individual Board members have appropriate interaction with the CEO and staff
- Board members do not use Board information for their own direct benefit or advantage
- Board members carry out their duties in good faith and with a reasonable degree of diligence, care and skill

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.12 Board Operations

The Board conducts its meetings and other operations in ways that are appropriate to its governance role.

Performance indicators: consider the following:
- Implementation of expectations and procedures regarding number and types of meetings, notice of meetings, conduct of meetings
- Use of in-camera sessions
- Management of information
- Focus through meeting agendas and discussions on the primary areas of board responsibilities, i.e. working at a policy and strategic level

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.13 Board Remuneration and Reimbursement Costs

The Board follows Government policies on Board remuneration and reimbursement of costs.

Performance indicators: consider the following:

- Payments of honoraria and reimbursement of direct travel and accommodation expenses are within approved resources and paid in accordance with the Ministry's financial policies and procedures

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.14 Committees of the Board

The Board's use of committees supports its governance role.

Performance indicators: consider the following:

- Terms of reference that specify clear expectations for committees
- Committees function to assist, not supplant the role of the Board
- Appropriate use of ad-hoc vs. standing committees
- Staff acting as resources to committees

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.15 Governance Policies

The Board uses policies that provide effective parameters and guidelines for the action of the Board and the CEO and their direct reports.

Performance indicators: consider the following:
- Establish the direction of the ABC
- Define the Board's own actions
- Outline the Board's relationship with the CEO
- Direct the work of the CEO
- Board-CEO interaction in policy development
- Process of policy development (broad to narrow; comparing alternatives)
- Compliance with/amendments to Core Governance Policies
- Development of supplementary governance policies
- Maintain an open channel between the Board Chair and the CEO's direct reports to allow for upward feedback on the CEO's effectiveness in implementing the directions of the Board.

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.16 Communications

The Board has a board communication strategy in place.

Performance indicators: consider the following:
- Understood and accepted procedures for interacting with the media
- Clarity on roles of Board and CEO in communicating with the media
- Plans and policies in place and implemented for the Board to communicate with the general public

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.17 Delegation of CEO Authority

The Board ensures the implementation of and compliance with its policies defining the relationship between itself and the CEO.

Performance indicators: consider the following:
- Delegation of authority
- CEO evaluation is completed
- CEO absence/emergency or succession plan is in place

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

1.18 Role of the CEO

The Board ensures the implementation of its policies that define the areas of responsibility for the CEO.

Performance indicators: consider the following:
- Administrative expectations are specified
- Planning and reporting requirements
- Human resource management
- Budgeting
- Financial condition and activities
- Risk management
- Communications

Your perception of Board performance in this area: (check the response below that best reflects your rating)

Unsatisfactory	Satisfactory	Excellent

Areas in need of improvement:

Section 1B

Developmental Plans

Please cite any recommendations that would improve the functioning of the Board.

Please consider your responses and identified areas in need of improvement from Section 1A which include the following:

- The Board follows a systematic process for determining strategic directions for the ABC and providing input to the Ministry's strategic and business plan.
- The Board monitors and assesses policies and programs for the achievement of outcomes and to improve the quality of services within available resources.
- The Board ensures policies, programs and services are responding to achieve the desired outcomes of key stakeholders and the Ministry.
- The Board has established and maintained an effective working relationship with the Chief Executive Officer and their direct reports.
- The Board has taken action to develop and maintain its capacity for governance work.
- The Board oversees the development of the budget and the financial performance of the ABC.
- The actions of the Board and Authority are congruent with the Accountability Framework and the Memorandum of Understanding between the Minister and the ABC.
- The Board provides leadership by involving the community in direction setting, monitoring and assessing and implementing services.
- Individual Board members carry out their responsibility to exercise Board authority appropriately.
- The Co-chairs provide leadership as a team.
- The Board's actions are congruent with its Code of Conduct.
- The Board conducts its meetings and other operations in ways that are appropriate to its governance role.
- The Board follows Government policies on Board remuneration and reimbursement of costs.
- The Board's use of committees supports its governance role.
- The Board decides on policies that provide effective parameters and guidelines for the actions of the Board and the CEO.
- The Board has a board communication strategy in place.
- The Board ensures the implementation of and compliance with its policies defining the relationship between itself and the CEO.
- The Board ensures the implementation of its policies that define the areas of responsibility for the CEO.

Section 1C

Major Board Accomplishments

Please identify the top three accomplishments of the Board during the period of review.

Section 2

Assessment of Individual Board Member Performance

Process for Completing this Section

1. Each individual Board member and the Board Chair complete an individual self-assessment and identify areas for improvement.

2. Each Board member's self assessment is reviewed by the Board Chair and the Board Chair's assessment is reviewed by the Chair of the Governance Committee or there is not one then the Chair of the Audit Committee.

3. The Board Chair interviews individual members on their self assessments as well as obtaining their assessments of major strengths or development needs of their fellow Board members. The Chair of the Governance or Audit committee interviews the Board Chair.

4. Subsequent to these discussions, the Board Chair documents the results of the assessment and identifies key strengths and development needs that may require further training. A summary report is provided to each director and the original copies remain in the records of the Board.

5. For Board members, the results of their assessments also form the basis on which the Board Chair provides feedback into the appointment process to the Minister.

6. A summary report is prepared on the Board Chair's performance which is made available to the Minister as well as being provided to the Chair and the original retained in the records of the Board.

Assessment of Individual Board Member Performance

This section of the assessment is to determine the extent to which you as an individual Board member have been able to contribute to the work of the Board. It will also serve as a development tool to enhance individual performance and that of the Board as a whole.

2.1 Fulfilling your duties and role as an individual Board member

Discuss your experience in meeting the expectations for individual Board members.

Performance indicators: consider the following:

- Attended and participated in meetings and decisions of the Board and respected the process and administration of Board meetings
- Familiar with Board and the ABC's policies and procedures, board meeting agendas and reports, and have adhered to the principles of confidentiality and privilege
- Familiar with the relevant provincial legislation and policies
- Brought forward views and concerns of key stakeholders that directly related to the objectives and goals of the ABC.
- Communicated Board values and principles to organizations and stakeholders
- Acted honestly and in good faith in the best interest of the ABC and exercised the care, diligence and skill of a reasonable and prudent person in comparable circumstances
- Worked to develop a positive and respectful learning and working culture within the Board and ABC
- Kept informed of the work and activities of the ABC and the Board by monitoring and assessing the ABC's performance
- Understand the ABC's strengths and needs and have offered constructive advice for short and long term solutions
- Regularly assessed the ABC's performance to ensure it is in line with the vision and mission, values and beliefs of the Authority
- Asks constructive, challenging questions of management
- Communicated information from the Board back to key stakeholders

Your perception of your performance on each action in this area:

Unsatisfactory	Satisfactory	Excellent

Areas of strength:

Areas for further development:

Recommendations for an individual development plan:

Comments on other Board Members

2.2 Using your abilities as a Board member

Describe the particular or unique skills, experience and perspective that you demonstrate to enhance the overall capacity of the Board?

Performance indicators: consider the following:

- Experience in board governance practices
- Knowledge about the Board's roles, responsibilities and performance
- Skills in participatory decision making
- Contribution to teamwork of the Board
- Knowledge of the diversity of cultures, issues, needs and strengths related to key stakeholders served by the ABC
- Skills in strategic ("big picture") thinking and planning
- Political savvy/awareness – understanding the need to develop and maintain positive relationships with key stakeholders and the public
- Knowledge of and contacts with key stakeholders in the region
- Understanding of the "business" of the ABC
- Ability to communicate thoughts and ideas in the board setting

Your perception of your overall performance in this area:

Unsatisfactory	Satisfactory	Excellent

Areas of strength:

Areas for further development:

Recommendations for an individual development plan:

Comments on other Board members

The following item is for the Board Chair only

2.3 Providing leadership in your role and duties as Board Chair?

Discuss your experience in meeting the expectations for individual Board members.

Performance indicators: consider the following:

- Bringing matters to Board's attention
- Identifying issues that impact Board decisions and ensuring the Board stays focused on governance issues
- Representing the Board with stakeholders
- Facilitating the implementation of Board functions
- Facilitating and encouraging meaningful participation of all Board members
- Ensuring Board assessment takes place (Board as a whole and individual Board members)
- Ensuring CEO performance assessment takes place including upward feedback from direct reports
- Facilitating development and implementation of governance policies
- Ensuring conflict of interest matters are addressed
- Ensuring the Board works in compliance with legislation, policies and the Member's Oath
- Advising the Minister
- Acting as spokesperson for the Board

Your perception of your performance on each action in this area: (check the response below that best reflects your rating).

Unsatisfactory	Satisfactory	Excellent

Areas of strength:

Areas for further development:

Recommendations for an individual development plan:

Appendix

Application of Freedom of Information and Protection of Privacy Act to ABC Board Assessment

The Freedom of Information and Protection of Privacy Act (FOIP) is the privacy legislation that provides the framework on how privacy and access is managed within the Government of Alberta, including the board of the ABC. It is therefore incumbent upon board members to understand how the legislation impacts their roles and responsibilities as board members, individually as well as collectively.

The Act generally provides a balance between the public's right of access to information that is managed by a public body (government organizations as defined in the Act) and the need to protect the privacy of individuals and to some extent the processes by which government needs to operate.

The rationale behind the development of this board assessment process can be found in the legislation that establishes the authority of the Minister to identify the requirements placed on the board and the responsibility of the board to fulfill those expectations. In addition, Section 40 (1)(x) of the FOIP Act allows for the disclosure of personal information for the purpose of administering personnel of the public body. As well, there is a desire to ensure a degree of accountability and transparency within certain parameters.

The intent of the board assessment therefore recognizes an inherent capacity, and a need, for a self-assessment process that allows for the information gathered to be reviewed by a select membership of a board by the Minister, and by specific support staff within the Ministry. At the same time, while assessments of the board and of individual members are subject to such a review, it is only necessary to be shared within those parameters noted above. Disclosure of the self-assessments specifically is not contemplated to a broader public, and the FOIP Act requires that such personal information be protected from disclosure.

Orientation & training process
Board members

AUDITOR GENERAL Alberta

ORIENTATION & TRAINING PROCESS
BOARD MEMBERS

GOAL

The goal is to provide new Board members with an introduction to the ABC, which will allow them to assume an active, informed and participative role.

OBJECTIVES

To build the Board member's understanding of, and identification with, the ABC by:

- Providing an introduction to the ABC's Operation.
- Providing an overview of the important documentation about the ABC.

To provide an opportunity to clarify performance expectations of new Board members.

TIMELINE

Assuming the Ministry informs the ABC of new Board appointments by mid-May.

▪ SECTION A – Initial Contact	April/May/June
▪ SECTION B – Orientation to the ABC's industry	May/June
▪ SECTION C – Orientation to the Board and the ABC	May/June
▪ SECTION D – Orientation to key operating areas within the ABC	July/Aug/Sep/Oct
▪ SECTION E – Progress Check	November/December
▪ SECTION F – Evaluation of Orientation Process	April or May
▪ SECTION G – Exit Interview	April or May

A. INITIAL CONTACT	RESPONSIBILITY	TIMELINE	DATE COMPLETED
a) The Minister informs the ABC of new appointments to the Board. b) The Chair of the Board contacts the new Board member with appropriate welcome and advises that the Executive Assistant to the Board will be contacting him/her to provide initial information. c) An official welcome letter from the Chair is forwarded to the new Board members. d) The Executive Assistant to the Board provides new Board members with a Board Reference Manual (June), Publications on Non-Profit Boards, information on honoraria, parking, etc.	Minister Chair / EA EA / Chair EA	May / June May / June May / June June / July	
B. ORIENTATION TO THE ABC's INDUSTRY			
Arrange a meeting of all new Board appointees with the Board Chair and the President & CEO to discuss Sections B and C. Suggested components for Section B could include: a) Review of different organizations related to the ABC's industry b) Legislation under which the ABC's Board operates c) Purpose of the Ministries Goals and Priorities. d) Review of the ABC's funding. e) Provincial associations relevant to the ABC.	EA / Chair / President	May / August	
C. ORIENTATION TO THE BOARD			
a) Structure of the Board and Committees • Board Membership • Board Meeting Dates / Agenda / Consent Agenda • Time Commitment • How the Board and Committee agendas are developed • Committee / Work Team Structure – Terms of Reference / Meeting Schedules – Overview of the role/function of the Board's Committees	Chair/President	May/August	

Date: Reconfirmed:

AUDITOR GENERAL Alberta

b) Formal and Informal Operating Procedures • Role of Board as a Whole / Role of Chair / Role of Members / Role of Administration • Accountability Framework / Overall Organizational Structure • Conflict of Interest • Indemnification / Liability as a Board Member • Communications Protocol – Internal / External / Media • Board / Department Visits • Board's General Bylaws • Assignment of Mentor • Relationship with Business and Industry / Chairman's Circle • Planning: Planning Process (Strategic Plan) / The Board's Role / Administration's Role Boards' Annual Planning Session Handouts: Strategic Planning Document	Chair / President	May/August	
c) Issues / Challenges • Changes in the past three years / challenges just met • Immediate challenges facing the Board • Anticipated changes for the next 3 to 10 years	Chair / President	May/August	
d) Key Events (Board attendance is encouraged) • Board Annual Planning Session • Board's Holiday Reception and Dinner • Annual Stakeholders Meeting	Chair / President	May/August	

Date: Reconfirmed:

AUDITOR GENERAL Alberta

D. ORIENTATION TO KEY OPERATING AREAS	RESPONSIBILITY	TIMELINE	DATE COMPLETED
Arrange a 1.5-2 hour group meeting – all new appointees with Vice-Presidents to discuss Section D. Additional meetings can be arranged as required. Discussion topics could include, but are not limited to, the following: • Organizational Structure and overview of each key area • Key area business plans • Overview of the three key issues for each area • Community Partnerships • Introduction to ABC's financial statements / audit process • Board's governance Dashboard • Collective bargaining – how does the Board participate? • Fundraising campaign • Marketing and communications Handouts: Calendar, Business Plan, Annual Report, Community Partnership Booklet			
Tour of Operation Tour by a Vice President prior to the Board member's first Board Meeting.	Vice President(s)	May/August	

Date: Reconfirmed:

AUDITOR GENERAL Alberta

E. PROGRESS CHECK – Time with Chair/Time with President	RESPONSIBILITY	TIMELINE	DATE COMPLETED
Board Chair to meet with, or call, each new Board member to discuss their progress to date and any concerns and/or questions they wish to raise relating to the Board and how it operates.	Chair (EA to arrange)	Nov/Dec	
President to meet with each new Board member at least once per year to discuss any issues and/or concerns relating to the operation of the ABC and to provide feedback on the Board Members performance and recommended training plan.	President (EA to arrange)	Fall & Spring	
F. EVALUATION OF ORIENTATION PROCESS			
At the end of the first year, each new Board member will be asked to evaluate the orientation process. A luncheon will be arranged with the President and an evaluation conducted at that time (use "Evaluation Form").	President (EA to arrange)	April or May	
G. EXIT INTERVIEW			
An Exit Interview will be arranged the month prior to the expiry of the Board member's term on the Board (use "Exit Interview Form").	President (EA to arrange)	April or May	

The Executive Assistant to the Board will monitor the process to ensure that each step is carried out.

Date: Reconfirmed: May 2004

AUDITOR GENERAL Alberta